

Region VII News

Informing Kansans, Nebraskans, Missourians and Iowans

A Message from Region VII Administrator Sam Jones



Moving Beyond Economic Theft:

Entrepreneurship and the Future of Rural Development

With the ever increasing globalization of our economy, many rural areas across the country are struggling to find a source of long-term development. However, we are fortunate in this region to have the academic leadership of the Federal Reserve Bank of Kansas City. Through their Center for the Study of Rural America and the focused research on these topics, they are providing rural areas with the road map to future sustained development. At the Small Business Administration (SBA) we share their vision and I want to highlight their latest findings that help us better understand how we should approach the future.

The Director of the Center for the Study of Rural America, Mark Drabenstott Ph.D., recently authored a report entitled "A Review of the Federal Role in Regional Economic Development." In his report, he clearly articulates how the past model for rural development is no longer applicable in the current context of globalization. As he explains, the post-World War II universal economic development model focused on industrial recruiting. Local governments provided financial incentives to persuade companies to relocate to their area. I often refer to this "smokestack chasing" as economic theft, when one area basically steals an industry from another to boost their local economy.

Drabenstott describes that a shift occurred in the 1980s as federal involvement in local development was scaled back. The focus for these communities became "cost competition," as regions tried to cut costs in any way possible. Financial and tax incentives continued to be thrown in the direction of companies in the hope that regions could be made as attractive as possible, with the competition constantly escalating. A "race to the bottom" ensued and the opening of our country to globalization made it impossible for American communities to provide the lowest cost to firms.

Although these policies of industrial recruitment are outdated, many rural communities continue to place their focus there. Drabenstott makes it clear; it is time to update our rural strategy to reflect the realities of the 21st century and make entrepreneurship the foundation of the future for rural communities. Drabenstott writes that "entrepreneurs are the engines-turning ideas and knowledge into jobs, income, and wealth. Whereas past development strategies often aimed at big firms, small entrepreneurial companies are the pack mules for economic development in the 21st century." (31) He illustrates the contrast between the current policy and the new policy as rural America continues to search for sources of economic development, we would be wise to consider Drabenstott's research. Rather than looking externally as communities did when chasing smokestacks, he advocates they begin looking internally. Drabenstott explains that "regions can develop only by exploiting their distinct economic assets, seizing unique opportunities in rapidly shifting markets, and fostering the entrepreneurs that make both happen at once." (23)

Supporting entrepreneurship is an important function of the SBA and the future of rural economic development will be greatly aided by these efforts. I hope to convince rural communities in our region to look beyond economic theft and empower their own entrepreneurs to become a foundation of sustainable and substantial growth.

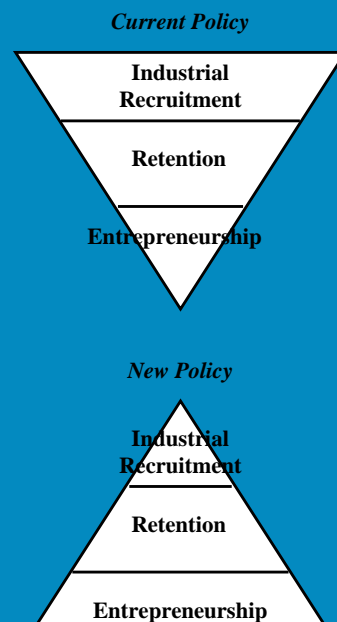


Rural Development

The Old model

vs.

The Drabenstott Model



SBA Associate Administrator for Veteran's Business Development William Elmore and regional staff attend a July 6th St. Louis Congressional Roundtable on veteran's small business issues hosted by Missouri Congressman Kenny Akin.

Region 7 ...

Selected to Test Market SBA's

"Personal Business Trainer" Program

Region 7's Kansas City metropolitan area and the state of Iowa have been selected by the SBA to conduct a six-month pilot Lender's Marketing Program called the "Personal Business Trainer Program."

SBA District Office personnel from the Iowa District Office and Kansas City District Office will present the program to lenders during the coming months. Those participating then will offer the program to their lending clients. The program is designed to provide the lender's clients with a personal business trainer from the SBA district office to help them strengthen their chances to succeed as entrepreneurs or with their own business growth and development. Lenders may choose to send a personal note from themselves or bulk mail the offer.

**In business
only the
strong
survive.**

***SBA wants to
give your business
more muscle!***

**Ask your lender
about SBA's
Personal
Business
Trainer**



U.S. Small Business Administration
SBA
Your Small Business Resource
For more information call
SBA's Kansas City Office:
816-374-6701

SBA programs and services are provided on a nondiscriminatory basis.

The Region 7 office will track the use of and response to the program and review information received to decide whether to run the program nationally and which, if any, changes to the program might be made to make it more effective, prior to doing so. Interested lending partners may contact the Kansas City or Iowa District Offices for more information.

Small Business News in Region 7 SBA...

The Cedar Rapids Branch Office has relocated to:
AmeriQuest Mortgage Company
Corporate Center East
2750 1st Avenue, NE, Suite 350
Cedar Rapids, IA 52402

The Region's Faith-Based and Community Initiatives Coordinators are:

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Lori Hackney
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More SBA News

First Urban Entrepreneur Partnership Center Opens in Kansas City for Minority Training and Counseling

The first pilot program in a nationwide effort to develop one-stop economic empowerment centers to support minority entrepreneurship and business development has opened in Kansas City, Missouri. This is the first center to launch through the Urban Entrepreneur Partnership (UEP), an initiative of the White House, National Urban League (NUL), SBA, Business Roundtable, and the Ewing Marion Kauffman Foundation. The Kansas City Urban Entrepreneur Center, funded and launched by Kauffman, will serve as a model for subsequent UEP pilot centers as part of a nationwide program announced last year. Additional cities designated are Atlanta, Cincinnati, Cleveland, and Jacksonville, with Milwaukee and Baltimore being explored. Each center will be administered by local NUL affiliates and are designed to provide business training, intrusive coaching and mentoring, and financing and procurement opportunities to minority and urban business owners.

The Kansas City center is administered by



The Urban League of Greater Kansas City

1710 Paseo Blvd.

Kansas City, Missouri 64108

Phone: 816.471.0550

A select group of minority entrepreneurs are serving as test cases for future entrepreneurs that will go through the program

in Kansas City and the other five cities.

"My administration is joined with the Urban League, the Business Roundtable, the Ewing Marion Kauffman Foundation and others to create what we call the Urban Entrepreneur Partnership. [W]e're trying to reach out and help people understand what it means to become a small business owner, through training and access to financing contracts for minority entrepreneurs."

- President George W. Bush, Speaking at the Indiana Black Expo

SBA Announces Web Chat Series for Small Business Owners

The SBA has announced a live Web chat series focusing on entrepreneurship. Having begun in July, the series is designed to engage business owners and aspiring entrepreneurs in a national dialogue to exchange information on relevant business issues with real-world industry leaders and successful entrepreneurs. Participants will converse online in real-time, providing questions and receiving instant answers. For details access: www.sba.gov.

Congressional Action to Stop Junk Faxes Helps Small Business

With the passage of the Junk Fax Prevention Act of 2005 (S. 714) Congress has acted to stop junk faxes while ensuring small businesses can send faxes to customers with whom they already have an established business relationship without prior written approval. The legislation prohibits sending unsolicited fax advertisements to anyone who has requested they not be sent. Unsolicited faxes must contain a conspicuous notice on its first page that the recipient may request not to be sent any further unsolicited faxes. To prevent third party mass marketers from buying fax lists businesses must obtain fax numbers either directly from the

recipient, or from a published source such as a directory, advertisement, or Internet site. The Act overturns overly broad regulations issued by Federal Communications Commission (FCC) in July, 2003. The SBA Office of Advocacy identified those regulations as overly burdensome on small businesses and in need of reform.

New, Online Instructor-Taught Classes for Small Business Owners

New online business classes will be available for small businesses throughout the nation courtesy of a co-sponsorship between the SBA and the Thomson Corp. (Ed2Go). Ed2Go provides national online instructor-taught training classes, offering courses through more than 1,000 community colleges and other partners around the country. Small businesses and entrepreneurs may enroll in three of Ed2Go's most popular online educational courses at no cost. They are: Creating a Successful Business Plan, Customer Service Fundamentals, and Creating Web Pages. Each online course lasts six weeks and will be instructor-facilitated. The courses began June 15. The next course start dates are Aug. 17 and Sept. 21. Registration for each class is at the SBA's Small Business Training Network site at www.sba.gov/training. Go to the free online courses section and click on the "Instructor-Facilitated Courses."



Celebrating National SBA Winners from Region 7

...At Ceremonies in Region 7



Patrick Heavey, National Veteran's Champion receives a second award in St. Louis from Regional Administrator Sam Jones and District Director Dennis Melton



At a reception in Omaha, Bruce Lauritzen, Chairman/CEO of First National Bank of Omaha; Mabel Alarcon-Craven, National Minority Small Business Person of the Year; and Sam Jones, Region 7 Administrator



Staff from the Region 7 and Kansas City District Office attended a Kansas City reception to represent an award to Joy Wheeler, National SBA Women in Business Champion

CONGRATULATIONS TO THE REGION 7 PRIME CONTRACTOR OF THE YEAR...

Regional Administrator Sam Jones presents the Region 7 Small Business Prime Contractor of the Year Award for 2005 to Pangea Group President Mike Zambrana at a ceremony for employees and guests at the Pangea Group headquarters in June.



CONGRATULATIONS TO THE REGION 7 SUB CONTRACTOR OF THE YEAR...

Regional Administrator Sam Jones presents the Region 7 Small Business Sub Contractor of the Year Award for 2005 to Cleo Barger, owner of Fastener and Hose Technologies, Inc., at a luncheon for employees and nominators, Boeing Integrated Services, in Olathe, Kansas in July.



The Region 7
Public Hearing on Size Standards
in St. Louis in June logged
testimony from
more than 25 small businesses
including
Christine Bierman, Colt Safety
and Keith Guller, Essex Industries.



For information on these stories or reprints on any of these articles, contact Editor June Teasley (816) 374-6380 or e-mail: june.teasley@sba.gov. The Regional Administrator's Column is made available to interested press outlets the second Tuesday of each month.
